

SENATE BILL No. 463

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1.

Synopsis: Property taxes. Provides that a county auditor may reduce a taxing unit's assessed valuation to enable the taxing unit to absorb the effects of reduced property tax collections resulting from successful assessed valuation appeals. Requires the county auditor to keep separately on the tax duplicate the amount of any reductions. Provides that the maximum amount of the reduction is 2% of the taxing unit's assessed valuation. Allows the county auditor to appeal to the department of local government finance to reduce a taxing unit's assessed valuation by more than 2%. Allows taxing units to use "banked" property tax levies in the calculation of maximum levies. Excludes the part of a taxing unit's levy that is attributable to banking of unused maximum levies from the computation of property tax replacement credits and homestead credits.

Effective: July 1, 2004.

Simpson

January 13, 2004, read first time and referred to Committee on Finance.

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Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

SENATE BILL No. 463

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-1-3, AS AMENDED BY P.L.291-2001,
2 SECTION 204, IS AMENDED TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2004]: Sec. 3. (a) Except as provided in
4 subsection (b) **or (c)**, "assessed value" or "assessed valuation" means
5 an amount equal to:

6 (1) for assessment dates before March 1, 2001, thirty-three and
7 one-third percent (33 1/3%) of the true tax value of property; and

8 (2) for assessment dates after February 28, 2001, the true tax
9 value of property.

10 (b) For purposes of calculating a budget, rate, or levy under
11 IC 6-1.1-17, IC 6-1.1-18, IC 6-1.1-18.5, IC 6-1.1-19, IC 6-1.1-20,
12 IC 21-2-11.5, and IC 21-2-15, "assessed value" or "assessed valuation"
13 does not include the assessed value of tangible property excluded and
14 kept separately on a tax duplicate by a county auditor under
15 ~~IC 6-1.1-17-0.5~~; **IC 6-1.1-17-0.5(b)**.

16 (c) **For purposes of calculating a budget, rate, or levy under**
17 **IC 6-1.1-17, IC 6-1.1-18, IC 6-1.1-18.5, IC 6-1.1-19, IC 6-1.1-20,**



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1 **IC 21-2-11.5, and IC 21-2-15, "assessed value" or "assessed**
 2 **valuation" does not include the amount of a reduction to a taxing**
 3 **unit's assessed valuation made by the county auditor under**
 4 **IC 6-1.1-17-0.5(d).**

5 SECTION 2. IC 6-1.1-15-10, AS AMENDED BY P.L.1-2004,
 6 SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 7 JULY 1, 2004]: Sec. 10. (a) If a petition for review to any board or a
 8 proceeding for judicial review in the tax court regarding an assessment
 9 or increase in assessment is pending, the taxes resulting from the
 10 assessment or increase in assessment are, notwithstanding the
 11 provisions of IC 6-1.1-22-9, not due until after the petition for review,
 12 or the proceeding for judicial review, is finally adjudicated and the
 13 assessment or increase in assessment is finally determined. However,
 14 even though a petition for review or a proceeding for judicial review is
 15 pending, the taxpayer shall pay taxes on the tangible property when the
 16 property tax installments come due, unless the collection of the taxes
 17 is stayed under IC 4-21.5-5-9 pending a final determination in the
 18 proceeding for judicial review. The amount of taxes which the taxpayer
 19 is required to pay, pending the final determination of the assessment or
 20 increase in assessment, shall be based on:

21 (1) the assessed value reported by the taxpayer on the taxpayer's
 22 personal property return if a personal property assessment, or an
 23 increase in such an assessment, is involved; or

24 (2) an amount based on the immediately preceding year's
 25 assessment of real property if an assessment, or increase in
 26 assessment, of real property is involved.

27 (b) If the petition for review or the proceeding for judicial review is
 28 not finally determined by the last installment date for the taxes, the
 29 taxpayer, upon showing of cause by a taxing official or at the tax court's
 30 discretion, may be required to post a bond or provide other security in
 31 an amount not to exceed the taxes resulting from the contested
 32 assessment or increase in assessment.

33 (c) Each county auditor shall keep separate on the tax duplicate a
 34 record of that portion of the assessed value of property that is described
 35 in IC 6-1.1-17-0.5(b) **or IC 6-1.1-17-0.5(d).** When establishing rates
 36 and calculating state school support, the department of local
 37 government finance shall exclude from assessed value in the county the
 38 assessed value of property kept separate on the tax duplicate by the
 39 county auditor under IC 6-1.1-17-0.5(b) **or IC 6-1.1-17-0.5(d).**

40 SECTION 3. IC 6-1.1-17-0.5, AS ADDED BY P.L.291-2001,
 41 SECTION 206, IS AMENDED TO READ AS FOLLOWS
 42 [EFFECTIVE JULY 1, 2004]: Sec. 0.5. (a) For purposes of this section,

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"assessed value" has the meaning set forth in IC 6-1.1-1-3(a).

(b) The county auditor may exclude and keep separate on the tax duplicate for taxes payable in a calendar year the assessed value of tangible property that meets the following conditions:

(1) The assessed value of the property is at least nine percent (9%) of the assessed value of all tangible property subject to taxation by a taxing unit (as defined in IC 6-1.1-1-21).

(2) The property is or has been part of a bankruptcy estate that is subject to protection under the federal bankruptcy code.

(3) The owner of the property has discontinued all business operations on the property.

(4) There is a high probability that the taxpayer will not pay property taxes due on the property in the following year.

(c) This section does not limit, restrict, or reduce in any way the property tax liability on the property.

(d) For each taxing unit located in the county, the county auditor may reduce the taxing unit's assessed valuation to enable the taxing unit to absorb the effects of reduced property tax collections resulting from successful assessed valuation appeals. The county auditor shall keep separately on the tax duplicate the amount of any reductions made under this subsection. Except as provided in section 8.5(b) of this chapter, the maximum amount of the reduction authorized under this subsection is two percent (2%) of the taxing unit's assessed valuation.

(e) An amount subtracted under subsection (d) may not be offered as evidence that a particular parcel has been improperly assessed in a proceeding before the county property tax assessment board of appeals, the Indiana board, or the Indiana tax court.

SECTION 4. IC 6-1.1-17-1, AS AMENDED BY P.L.90-2002, SECTION 147, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1. (a) On or before August 1 of each year, the county auditor shall send a certified statement, under the seal of the board of county commissioners, to the fiscal officer of each political subdivision of the county and the department of local government finance. The statement shall contain:

(1) information concerning the assessed valuation in the political subdivision for the next calendar year;

(2) an estimate of the taxes to be distributed to the political subdivision during the last six (6) months of the current calendar year;

(3) the current assessed valuation as shown on the abstract of charges;

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(4) the average growth in assessed valuation in the political subdivision over the preceding three (3) budget years, excluding years in which a general reassessment occurs, determined according to procedures established by the department of local government finance;

(5) the amount of the political subdivision's assessed valuation subtracted under section 0.5(d) of this chapter; and

~~(5)~~ (6) any other information at the disposal of the county auditor that might affect the assessed value used in the budget adoption process.

(b) The estimate of taxes to be distributed shall be based on:

(1) the abstract of taxes levied and collectible for the current calendar year, less any taxes previously distributed for the calendar year; and

(2) any other information at the disposal of the county auditor which might affect the estimate.

(c) The fiscal officer of each political subdivision shall present the county auditor's statement to the proper officers of the political subdivision.

SECTION 5. IC 6-1.1-17-3, AS AMENDED BY P.L.256-2003, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. (a) The proper officers of a political subdivision shall formulate its estimated budget and its proposed tax rate and tax levy on the form prescribed by the department of local government finance and approved by the state board of accounts. The political subdivision shall give notice by publication to taxpayers of:

(1) the estimated budget;

(2) the estimated maximum permissible levy;

(3) the current and proposed tax levies of each fund;

(4) the amount of the political subdivision's assessed valuation subtracted under section 0.5(d) of this chapter; and

~~(4)~~ (5) the amounts of excessive levy appeals to be requested.

In the notice, the political subdivision shall also state the time and place at which a public hearing will be held on these items. The notice shall be published twice in accordance with IC 5-3-1 with the first publication at least ten (10) days before the date fixed for the public hearing.

(b) The board of directors of a solid waste management district established under IC 13-21 or IC 13-9.5-2 (before its repeal) may conduct the public hearing required under subsection (a):

(1) in any county of the solid waste management district; and

(2) in accordance with the annual notice of meetings published

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1 under IC 13-21-5-2.

2 (c) The trustee of each township in the county shall estimate the
3 amount necessary to meet the cost of poor relief in the township for the
4 ensuing calendar year. The township board shall adopt with the
5 township budget a tax rate sufficient to meet the estimated cost of poor
6 relief. The taxes collected as a result of the tax rate adopted under this
7 subsection are credited to the township poor relief fund.

8 SECTION 6. IC 6-1.1-17-8.5 IS ADDED TO THE INDIANA
9 CODE AS A NEW SECTION TO READ AS FOLLOWS
10 [EFFECTIVE JULY 1, 2004]: **Sec. 8.5. (a) If a county auditor**
11 **reduces a taxing unit's assessed valuation under section 0.5(d) of**
12 **this chapter, the department of local government finance shall, in**
13 **the manner prescribed in section 16 of this chapter, review the**
14 **budget, tax rate, and tax levy of the taxing unit.**

15 (b) The county auditor may appeal to the department of local
16 government finance to reduce a taxing unit's assessed valuation by
17 more than two percent (2%). The department of local government
18 finance may require the county auditor to submit supporting
19 information with the county auditor's appeal. The department of
20 local government finance shall consider the appeal at the time of
21 the review required under subsection (a). The department of local
22 government finance may approve, modify and approve, or reject
23 the amount of the reduction sought in the appeal.

24 SECTION 7. IC 6-1.1-17-16, AS AMENDED BY P.L.256-2003,
25 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
26 JULY 1, 2004]: Sec. 16. (a) Subject to the limitations and requirements
27 prescribed in this section, the department of local government finance
28 may revise, reduce, or increase a political subdivision's budget, tax rate,
29 or tax levy which the department reviews under section 8, **8.5**, or 10 of
30 this chapter.

31 (b) Subject to the limitations and requirements prescribed in this
32 section, the department of local government finance may review,
33 revise, reduce, or increase the budget, tax rate, or tax levy of any of the
34 political subdivisions whose tax rates compose the aggregate tax rate
35 within a political subdivision whose budget, tax rate, or tax levy is the
36 subject of an appeal initiated under this chapter.

37 (c) Except as provided in subsection (j), before the department of
38 local government finance reviews, revises, reduces, or increases a
39 political subdivision's budget, tax rate, or tax levy under this section,
40 the department must hold a public hearing on the budget, tax rate, and
41 tax levy. The department of local government finance shall hold the
42 hearing in the county in which the political subdivision is located. The

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department of local government finance may consider the budgets, tax rates, and tax levies of several political subdivisions at the same public hearing. At least five (5) days before the date fixed for a public hearing, the department of local government finance shall give notice of the time and place of the hearing and of the budgets, levies, and tax rates to be considered at the hearing. The department of local government finance shall publish the notice in two (2) newspapers of general circulation published in the county. However, if only one (1) newspaper of general circulation is published in the county, the department of local government finance shall publish the notice in that newspaper.

(d) Except as provided in subsection (i), IC 6-1.1-19, or IC 6-1.1-18.5, the department of local government finance may not increase a political subdivision's budget, tax rate, or tax levy to an amount which exceeds the amount originally fixed by the political subdivision. The department of local government finance shall give the political subdivision written notification specifying any revision, reduction, or increase the department proposes in a political subdivision's tax levy or tax rate. The political subdivision has one (1) week from the date the political subdivision receives the notice to provide a written response to the department of local government finance's Indianapolis office specifying how to make the required reductions in the amount budgeted for each office or department. The department of local government finance shall make reductions as specified in the political subdivision's response if the response is provided as required by this subsection and sufficiently specifies all necessary reductions. The department of local government finance may make a revision, a reduction, or an increase in a political subdivision's budget only in the total amounts budgeted for each office or department within each of the major budget classifications prescribed by the state board of accounts.

(e) The department of local government finance may not approve a levy for lease payments by a city, town, county, library, or school corporation if the lease payments are payable to a building corporation for use by the building corporation for debt service on bonds and if:

- (1) no bonds of the building corporation are outstanding; or
- (2) the building corporation has enough legally available funds on hand to redeem all outstanding bonds payable from the particular lease rental levy requested.

(f) The department of local government finance shall certify its action to:

- (1) the county auditor; and

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(2) the political subdivision if the department acts pursuant to an appeal initiated by the political subdivision.

(g) The following may petition for judicial review of the final determination of the department of local government finance under subsection (f):

(1) If the department acts under an appeal initiated by a political subdivision, the political subdivision.

(2) If the department acts under an appeal initiated by taxpayers under section 13 of this chapter, a taxpayer who signed the petition under that section.

(3) If the department acts under an appeal initiated by the county auditor under section 14 of this chapter, the county auditor.

The petition must be filed in the tax court not more than forty-five (45) days after the department certifies its action under subsection (f).

(h) The department of local government finance is expressly directed to complete the duties assigned to it under this section not later than February 15th of each year for taxes to be collected during that year.

(i) Subject to the provisions of all applicable statutes, the department of local government finance may increase a political subdivision's tax levy to an amount that exceeds the amount originally fixed by the political subdivision if the increase is:

(1) requested in writing by the officers of the political subdivision;

(2) either:

(A) based on information first obtained by the political subdivision after the public hearing under section 3 of this chapter; or

(B) results from an inadvertent mathematical error made in determining the levy; and

(3) published by the political subdivision according to a notice provided by the department.

(j) The department of local government finance shall annually review the budget of each school corporation not later than April 1. The department of local government finance shall give the school corporation written notification specifying any revision, reduction, or increase the department proposes in the school corporation's budget. A public hearing is not required in connection with this review of the budget.

(k) Except as provided in section 8.5(b) of this chapter, the department of local government finance may not certify a taxing unit's budget, tax rate, or tax levy if the department of local

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government finance determines that the county auditor has reduced the taxing unit's assessed valuation under section 0.5(d) of this chapter by more than two percent (2%).

SECTION 8. IC 6-1.1-18.5-1, AS AMENDED BY P.L.1-2004, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1. As used in this chapter:

"Ad valorem property tax levy for an ensuing calendar year" means the total property taxes imposed by a civil taxing unit for current property taxes collectible in that ensuing calendar year.

"Adopting county" means any county in which the county adjusted gross income tax is in effect.

"Civil taxing unit" means any taxing unit except a school corporation.

"Maximum permissible ad valorem property tax levy for the preceding calendar year" means the **greater of:**

(1) the civil taxing unit's maximum permissible ad valorem property tax levy for the calendar year immediately preceding the ensuing calendar year, as that levy was determined under section 3 of this chapter; or

(2) the civil taxing unit's ad valorem property tax levy for the calendar year immediately preceding the ensuing calendar year, as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for that preceding calendar year under IC 6-1.1-17, and after eliminating the effects of temporary excessive levy appeals and temporary adjustments made to the working maximum levy for the calendar year immediately preceding the ensuing calendar year, as determined by the department of local government finance.

"Taxable property" means all tangible property that is subject to the tax imposed by this article and is not exempt from the tax under IC 6-1.1-10 or any other law. For purposes of sections 2 and 3 of this chapter, the term "taxable property" is further defined in section 6 of this chapter.

"Unadjusted assessed value" means the assessed value of a civil taxing unit as determined by local assessing officials and the department of local government finance in a particular calendar year before the application of an annual adjustment under IC 6-1.1-4-4.5 for that particular calendar year or any calendar year since the last general reassessment preceding the particular calendar year.

SECTION 9. IC 6-1.1-18.6-2, AS AMENDED BY P.L.1-2004, SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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JULY 1, 2004]: Sec. 2. A county may not impose a county family and children property tax levy for an ensuing calendar year that exceeds the ~~levy determined under IC 12-19-7-4.~~ **product of:**

(1) the assessed value growth quotient determined under IC 6-1.1-18.5-2 for the county for the ensuing calendar year; multiplied by

(2) the maximum county family and children property tax levy that the county could have imposed for the calendar year immediately preceding the ensuing calendar year under the limitations set by this section.

SECTION 10. IC 6-1.1-18.6-2.2, AS AMENDED BY P.L.1-2004, SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2.2. A county may not impose a county children's psychiatric residential treatment services property tax levy for an ensuing calendar year that exceeds the ~~levy determined under IC 12-19-7.5-6.~~ **product of:**

(1) the assessed value growth quotient determined under IC 6-1.1-18.5-2 for the county for the ensuing calendar year; multiplied by

(2) the maximum county children's psychiatric residential treatment services property tax levy that the county could have imposed for the calendar year immediately preceding the ensuing calendar year under the limitations set by this section.

SECTION 11. IC 6-1.1-20.9-2, AS AMENDED BY P.L.192-2002(SS), SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. (a) Except as otherwise provided in section 5 of this chapter, an individual who on March 1 of a particular year either owns or is buying a homestead under a contract that provides the individual is to pay the property taxes on the homestead is entitled each calendar year to a credit against the property taxes which the individual pays on the individual's homestead. However, only one (1) individual may receive a credit under this chapter for a particular homestead in a particular year.

(b) The amount of the credit to which the individual is entitled equals the product of:

(1) the percentage prescribed in subsection (d); multiplied by

(2) the difference of:

(A) the amount of the individual's property tax liability, as that term is defined in IC 6-1.1-21-5, which is:

(A) (i) attributable to the homestead during the particular calendar year; and

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~~(B)~~ (ii) determined after the application of the property tax replacement credit under IC 6-1.1-21; **minus**

(B) the part of the individual's property tax liability described in clause (A) that results from ineligible property tax replacement excess determined under IC 6-1.1-21-2.5.

(c) For purposes of determining that part of an individual's property tax liability that is attributable to the individual's homestead, all deductions from assessed valuation which the individual claims under IC 6-1.1-12 or IC 6-1.1-12.1 for property on which the individual's homestead is located must be applied first against the assessed value of the individual's homestead before those deductions are applied against any other property.

(d) The percentage of the credit referred to in subsection (b)(1) is as follows:

YEAR	PERCENTAGE OF THE CREDIT
1996	8%
1997	6%
1998 through 2002	10%
2003 and thereafter	20%

However, the property tax replacement fund board established under IC 6-1.1-21-10, in its sole discretion, may increase the percentage of the credit provided in the schedule for any year, if the board feels that the property tax replacement fund contains enough money for the resulting increased distribution. If the board increases the percentage of the credit provided in the schedule for any year, the percentage of the credit for the immediately following year is the percentage provided in the schedule for that particular year, unless as provided in this subsection the board in its discretion increases the percentage of the credit provided in the schedule for that particular year. However, the percentage credit allowed in a particular county for a particular year shall be increased if on January 1 of a year an ordinance adopted by a county income tax council was in effect in the county which increased the homestead credit. The amount of the increase equals the amount designated in the ordinance.

(e) Before October 1 of each year, the assessor shall furnish to the county auditor the amount of the assessed valuation of each homestead for which a homestead credit has been properly filed under this chapter.

(f) The county auditor shall apply the credit equally to each installment of taxes that the individual pays for the property.

(g) Notwithstanding the provisions of this chapter, a taxpayer other than an individual is entitled to the credit provided by this chapter if:

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- (1) an individual uses the residence as the individual's principal place of residence;
- (2) the residence is located in Indiana;
- (3) the individual has a beneficial interest in the taxpayer;
- (4) the taxpayer either owns the residence or is buying it under a contract, recorded in the county recorder's office, that provides that the individual is to pay the property taxes on the residence; and
- (5) the residence consists of a single-family dwelling and the real estate, not exceeding one (1) acre, that immediately surrounds that dwelling.

SECTION 12. IC 6-1.1-21-2, AS AMENDED BY P.L.1-2004, SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. As used in this chapter:

(a) "Taxpayer" means a person who is liable for taxes on property assessed under this article.

(b) "Taxes" means property taxes payable in respect to property assessed under this article. The term does not include special assessments, penalties, or interest, but does include any special charges which a county treasurer combines with all other taxes in the preparation and delivery of the tax statements required under IC 6-1.1-22-8(a).

(c) "Department" means the department of state revenue.

(d) "Auditor's abstract" means the annual report prepared by each county auditor which under IC 6-1.1-22-5, is to be filed on or before March 1 of each year with the auditor of state.

(e) "Mobile home assessments" means the assessments of mobile homes made under IC 6-1.1-7.

(f) "Postabstract adjustments" means adjustments in taxes made subsequent to the filing of an auditor's abstract which change assessments therein or add assessments of omitted property affecting taxes for such assessment year.

(g) "Total county tax levy" means the sum of:

(1) the remainder of:

(A) the aggregate levy of all taxes for all taxing units in a county which are to be paid in the county for a stated assessment year as reflected by the auditor's abstract for the assessment year, adjusted, however, for any postabstract adjustments which change the amount of the aggregate levy; minus

(B) the sum of any increases in property tax levies of taxing units of the county that result from appeals described in:

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1 (i) IC 6-1.1-18.5-13(4) and IC 6-1.1-18.5-13(5) filed after
 2 December 31, 1982; plus
 3 (ii) the sum of any increases in property tax levies of taxing
 4 units of the county that result from any other appeals
 5 described in IC 6-1.1-18.5-13 filed after December 31,
 6 1983; plus
 7 (iii) IC 6-1.1-18.6-3 (children in need of services and
 8 delinquent children who are wards of the county); minus
 9 (C) the total amount of property taxes imposed for the stated
 10 assessment year by the taxing units of the county under the
 11 authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed),
 12 IC 12-19-5, or IC 12-20-24; minus
 13 (D) the total amount of property taxes to be paid during the
 14 stated assessment year that will be used to pay for interest or
 15 principal due on debt that:
 16 (i) is entered into after December 31, 1983;
 17 (ii) is not debt that is issued under IC 5-1-5 to refund debt
 18 incurred before January 1, 1984; and
 19 (iii) does not constitute debt entered into for the purpose of
 20 building, repairing, or altering school buildings for which
 21 the requirements of IC 20-5-52 were satisfied prior to
 22 January 1, 1984; minus
 23 (E) the amount of property taxes imposed in the county for the
 24 stated assessment year under the authority of IC 21-2-6
 25 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a
 26 cumulative building fund whose property tax rate was initially
 27 established or reestablished for a stated assessment year that
 28 succeeds the 1983 stated assessment year; minus
 29 (F) the remainder of:
 30 (i) the total property taxes imposed in the county for the
 31 stated assessment year under authority of IC 21-2-6
 32 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a
 33 cumulative building fund whose property tax rate was not
 34 initially established or reestablished for a stated assessment
 35 year that succeeds the 1983 stated assessment year; minus
 36 (ii) the total property taxes imposed in the county for the
 37 1984 stated assessment year under the authority of IC 21-2-6
 38 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a
 39 cumulative building fund whose property tax rate was not
 40 initially established or reestablished for a stated assessment
 41 year that succeeds the 1983 stated assessment year; minus
 42 (G) the amount of property taxes imposed in the county for the

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stated assessment year under:

- (i) IC 21-2-15 for a capital projects fund; plus
- (ii) IC 6-1.1-19-10 for a racial balance fund; plus
- (iii) IC 20-14-13 for a library capital projects fund; plus
- (iv) IC 20-5-17.5-3 for an art association fund; plus
- (v) IC 21-2-17 for a special education preschool fund; plus
- (vi) IC 21-2-11.6 for a referendum tax levy fund; plus
- (vii) an appeal filed under IC 6-1.1-19-5.1 for an increase in a school corporation's maximum permissible general fund levy for certain transfer tuition costs; plus
- (viii) an appeal filed under IC 6-1.1-19-5.4 for an increase in a school corporation's maximum permissible general fund levy for transportation operating costs; minus

(H) the amount of property taxes imposed by a school corporation that is attributable to the passage, after 1983, of a referendum for an excessive tax levy under IC 6-1.1-19, including any increases in these property taxes that are attributable to the adjustment set forth in IC 6-1.1-19-1.5 or any other law; minus

(I) for each township in the county, the lesser of:

- (i) the sum of the amount determined in IC 6-1.1-18.5-19(a) STEP THREE or IC 6-1.1-18.5-19(b) STEP THREE, whichever is applicable, plus the part, if any, of the township's ad valorem property tax levy for calendar year 1989 that represents increases in that levy that resulted from an appeal described in IC 6-1.1-18.5-13(4) filed after December 31, 1982; or
- (ii) the amount of property taxes imposed in the township for the stated assessment year under the authority of IC 36-8-13-4; minus

(J) for each participating unit in a fire protection territory established under IC 36-8-19-1, the amount of property taxes levied by each participating unit under IC 36-8-19-8 and IC 36-8-19-8.5 less the maximum levy limit for each of the participating units that would have otherwise been available for fire protection services under IC 6-1.1-18.5-3 and IC 6-1.1-18.5-19 for that same year; minus

(K) for each county, the sum of:

- (i) the amount of property taxes imposed in the county for the repayment of loans under IC 12-19-5-6 (repealed) that is included in the amount determined under IC 12-19-7-4(a) STEP SEVEN for property taxes payable in 1995, or for

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- 1 property taxes payable in each year after 1995, the amount
 2 determined under IC 12-19-7-4(b); and
 3 (ii) the amount of property taxes imposed in the county
 4 attributable to appeals granted under IC 6-1.1-18.6-3 that is
 5 included in the amount determined under IC 12-19-7-4(a)
 6 STEP SEVEN for property taxes payable in 1995, or the
 7 amount determined under IC 12-19-7-4(b) for property taxes
 8 payable in each year after 1995; plus
 9 (2) all taxes to be paid in the county in respect to mobile home
 10 assessments currently assessed for the year in which the taxes
 11 stated in the abstract are to be paid; plus
 12 (3) the amounts, if any, of county adjusted gross income taxes that
 13 were applied by the taxing units in the county as property tax
 14 replacement credits to reduce the individual levies of the taxing
 15 units for the assessment year, as provided in IC 6-3.5-1.1; plus
 16 (4) the amounts, if any, by which the maximum permissible ad
 17 valorem property tax levies of the taxing units of the county were
 18 reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated
 19 assessment year; plus
 20 (5) the difference between:
 21 (A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR;
 22 minus
 23 (B) the amount the civil taxing units' levies were increased
 24 because of the reduction in the civil taxing units' base year
 25 certified shares under IC 6-1.1-18.5-3(e).
 26 (h) "December settlement sheet" means the certificate of settlement
 27 filed by the county auditor with the auditor of state, as required under
 28 IC 6-1.1-27-3.
 29 (i) "Tax duplicate" means the roll of property taxes which each
 30 county auditor is required to prepare on or before March 1 of each year
 31 under IC 6-1.1-22-3.
 32 (j) "Eligible property tax replacement amount" is equal to the sum
 33 of the following:
 34 (1) Sixty percent (60%) of the total county tax levy imposed by
 35 each school corporation in a county for its general fund for a
 36 stated assessment year.
 37 (2) Twenty percent (20%) of the total county tax levy (less sixty
 38 percent (60%) of the levy for the general fund of a school
 39 corporation that is part of the total county tax levy) imposed in a
 40 county on real property for a stated assessment year.
 41 (3) Twenty percent (20%) of the total county tax levy (less sixty
 42 percent (60%) of the levy for the general fund of a school

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corporation that is part of the total county tax levy) imposed in a county on tangible personal property, excluding business personal property, for an assessment year.

(k) "Business personal property" means tangible personal property (other than real property) that is being:

- (1) held for sale in the ordinary course of a trade or business; or
- (2) held, used, or consumed in connection with the production of income.

(l) "Taxpayer's property tax replacement credit amount" means the sum of the following:

(1) Sixty percent (60%) of a taxpayer's tax liability in a calendar year for taxes imposed by a school corporation for its general fund for a stated assessment year, **excluding any ineligible property tax replacement excess.**

(2) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on real property, **excluding any ineligible property tax replacement excess.**

(3) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on tangible personal property other than business personal property, **excluding any ineligible property tax replacement excess.**

(m) "Tax liability" means tax liability as described in section 5 of this chapter.

(n) "General school operating levy" means the ad valorem property tax levy of a school corporation in a county for the school corporation's general fund.

SECTION 13. IC 6-1.1-21-2.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 2.5. As used in this chapter, "ineligible property tax replacement excess" means the greater of zero (0) or the difference between:**

(1) the total county tax levy imposed for the current year; minus

(2) the result of:

(A) the total county tax levy imposed for the preceding year; multiplied by

(B) the assessed value growth quotient determined under IC 6-1.1-18.5-2 for the current year.

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SECTION 14. IC 6-1.1-21-3, AS AMENDED BY P.L.192-2002(ss), SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. (a) The department, with the assistance of the auditor of state and the department of local government finance, shall determine an amount equal to the eligible property tax replacement amount **minus the county's ineligible property tax replacement excess**, which is the estimated property tax replacement.

(b) The department of local government finance shall certify to the department the amount of homestead credits provided under IC 6-1.1-20.9 which are allowed by the county for the particular calendar year.

(c) If there are one (1) or more taxing districts in the county that contain all or part of an economic development district that meets the requirements of section 5.5 of this chapter, the department of local government finance shall estimate an additional distribution for the county in the same report required under subsection (a). This additional distribution equals the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:

STEP ONE: Estimate that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the estimated property tax replacement amount attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

(d) The sum of the amounts determined under subsections (a) through (c) is the particular county's estimated distribution for the calendar year.

SECTION 15. IC 6-1.1-21-4, AS AMENDED BY P.L.245-2003, SECTION 19, AND AS AMENDED BY P.L.264-2003, SECTION 12, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 4. (a) Each year the department shall allocate from the property tax replacement fund an amount equal to the sum of:

(1) each county's total eligible property tax replacement amount for that year **minus the county's total ineligible property tax replacement excess**; plus

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(2) the total amount of homestead tax credits that are provided under IC 6-1.1-20.9 and allowed by each county for that year; plus

(3) an amount for each county that has one (1) or more taxing districts that contain all or part of an economic development district that meets the requirements of section 5.5 of this chapter. This amount is the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:

STEP ONE: Determine that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the subdivision (1) amount that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

(b) Except as provided in subsection (e), between March 1 and August 31 of each year, the department shall distribute to each county treasurer from the property tax replacement fund one-half (1/2) of the estimated distribution for that year for the county. Between September 1 and December 15 of that year, the department shall distribute to each county treasurer from the property tax replacement fund the remaining one-half (1/2) of each estimated distribution for that year. The amount of the distribution for each of these periods shall be according to a schedule determined by the property tax replacement fund board under section 10 of this chapter. The estimated distribution for each county may be adjusted from time to time by the department to reflect any changes in the total county tax levy upon which the estimated distribution is based.

(c) On or before December 31 of each year or as soon thereafter as possible, the department shall make a final determination of the amount which should be distributed from the property tax replacement fund to each county for that calendar year. This determination shall be known as the final determination of distribution. The department shall distribute to the county treasurer or receive back from the county treasurer any deficit or excess, as the case may be, between the sum of the distributions made for that calendar year based on the estimated distribution and the final determination of distribution. The final

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determination of distribution shall be based on:

(1) the auditor's abstract filed with the auditor of state, adjusted for postabstract adjustments included in the December settlement sheet for the year; and

(2) such additional information as the department may require.

The final distribution must exclude ineligible property tax replacement excess amounts for the county.

(d) All distributions provided for in this section shall be made on warrants issued by the auditor of state drawn on the treasurer of state. If the amounts allocated by the department from the property tax replacement fund exceed in the aggregate the balance of money in the fund, then the amount of the deficiency shall be transferred from the state general fund to the property tax replacement fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the payment of that amount. However, any amount transferred under this section from the general fund to the property tax replacement fund shall, as soon as funds are available in the property tax replacement fund, be retransferred from the property tax replacement fund to the state general fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the replacement of that amount.

(e) Except as provided in subsection (i), the department shall not distribute under subsection (b) and section 10 of this chapter the money attributable to the county's property reassessment fund if:

(1) by the date the distribution is scheduled to be made, ~~the~~ the county auditor has not sent a certified statement required to be sent by that date under IC 6-1.1-17-1 to the department of local government finance; ~~or~~

(2) *by the deadline under IC 36-2-9-20, the county auditor has not transmitted data as required under that section; or*

~~(3) the county assessor has not forwarded to the department of local government finance the duplicate copies of all approved exemption applications required to be forwarded by that date under IC 6-1.1-11-8(a).~~

(f) Except as provided in subsection (i), if the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor has not transmitted to the department of local government finance by October 1 of the year in which the distribution is scheduled to be made the data for all townships in the county required to be transmitted under IC 6-1.1-4-25(b), the state board or the department shall not distribute under subsection (b) and section 10 of this chapter a part of the money attributable to the county's property reassessment fund. The portion not distributed is the

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amount that bears the same proportion to the total potential distribution as the number of townships in the county for which data was not transmitted by ~~August 1~~ *October 1* as described in this section bears to the total number of townships in the county.

(g) Money not distributed ~~under subsection (e)~~ *for the reasons stated in subsection (e)(1) and (e)(2)* shall be distributed to the county when:

(1) the county auditor sends to the department of local government finance the certified statement required to be sent under IC 6-1.1-17-1; and

(2) *the county assessor forwards to the department of local government finance the approved exemption applications required to be forwarded under IC 6-1.1-11-8(a);*

with respect to which the failure to send *or forward* resulted in the withholding of the distribution under subsection (e).

(h) Money not distributed under subsection (f) shall be distributed to the county when the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor transmits to the department of local government finance the data required to be transmitted under IC 6-1.1-4-25(b) with respect to which the failure to transmit resulted in the withholding of the distribution under subsection (f).

(i) The restrictions on distributions under subsections (e) and (f) do not apply if the department of local government finance determines that:

(1) the failure of:

(A) a county auditor to send a certified statement; or

(B) *a county assessor to forward copies of all approved exemption applications;*

as described in subsection (e); or

(2) the failure of an official to transmit data as described in subsection (f);

is justified by unusual circumstances.

SECTION 16. IC 6-1.1-21-5, AS AMENDED BY P.L.1-2004, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 5. (a) Each year the taxpayers of each county shall receive a credit for property tax replacement in the amount of each taxpayer's property tax replacement credit amount for taxes which:

(1) under IC 6-1.1-22-9 are due and payable in May and November of that year; or

(2) under IC 6-1.1-22-9.5 are due in installments established by the department of local government finance for that year.

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The credit shall be applied to each installment of taxes. The dollar amount of the credit for each taxpayer shall be determined by the county auditor, based on data furnished by the department of local government finance.

(b) The tax liability of a taxpayer for the purpose of computing the credit for a particular year shall be based upon the taxpayer's tax liability as is evidenced by the tax duplicate for the taxes payable in that year, plus the amount by which the tax payable by the taxpayer had been reduced due to the application of county adjusted gross income tax revenues to the extent the county adjusted gross income tax revenues were included in the determination of the total county tax levy for that year, as provided in sections 2(g) and 3 of this chapter, adjusted, however, for any change in assessed valuation which may have been made pursuant to a post-abstract adjustment if the change is set forth on the tax statement or on a corrected tax statement stating the taxpayer's tax liability, as prepared by the county treasurer in accordance with IC 6-1.1-22-8(a). However, except when using the term under section 2(l)(1) of this chapter, the tax liability of a taxpayer does not include the amount of any property tax owed by the taxpayer that is attributable to that part of any property tax levy subtracted under section 2(g)(1)(B), 2(g)(1)(C), 2(g)(1)(D), 2(g)(1)(E), 2(g)(1)(F), 2(g)(1)(G), 2(g)(1)(H), 2(g)(1)(I), 2(g)(1)(J), or 2(g)(1)(K) of this chapter in computing the total county tax levy. **The tax liability of a taxpayer does not include the amount of any property tax owed by the taxpayer that is attributable to ineligible property tax replacement excess.**

(c) The credit for taxes payable in a particular year with respect to mobile homes which are assessed under IC 6-1.1-7 is equivalent to the taxpayer's property tax replacement credit amount for the taxes payable with respect to the assessments plus the adjustments stated in this section.

(d) Each taxpayer in a taxing district that contains all or part of an economic development district that meets the requirements of section 5.5 of this chapter is entitled to an additional credit for property tax replacement. This credit is equal to the product of:

(1) the STEP TWO quotient determined under section 4(a)(3) of this chapter for the taxing district; multiplied by

(2) the taxpayer's taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

SECTION 17. [EFFECTIVE JULY 1, 2004] (a) IC 6-1.1-17-8.5, as added by this act, applies to property taxes first due and payable after December 31, 2004.

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(b) The following, all as amended by this act, apply to property taxes first due and payable after December 31, 2004:

IC 6-1.1-1-3.

IC 6-1.1-15-10.

IC 6-1.1-17-0.5.

IC 6-1.1-17-1.

IC 6-1.1-17-3.

IC 6-1.1-17-16.

IC 6-1.1-18.5-1.

IC 6-1.1-18.6-2.

IC 6-1.1-18.6-2.2.

SECTION 18. [EFFECTIVE JULY 1, 2004] (a) IC 6-1.1-21-2.5, as added by this act, applies only to property taxes first due and payable after December 31, 2004, for assessment dates after February 29, 2004.

(b) IC 6-1.1-20.9-2, IC 6-1.1-21-3, IC 6-1.1-21-3, IC 6-1.1-21-4, and IC 6-1.1-21-5, all as amended by this act, apply only to property taxes first due and payable after December 31, 2004, for assessment dates after February 29, 2004.

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